

COMMISSION AGENDA ITEM

Item 8(b) – Microsoft Unified Enterprise Performance Level Support



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To: California State Lottery Commission

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Director

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Subject: **Item 8(b) –Microsoft Unified Enterprise Performance Level Support**

ISSUE

The California State Lottery (Lottery) seeks Commission approval to renew the Microsoft Unified Enterprise Performance Level support agreement annually for a total period of three years.

BACKGROUND

The Lottery's Information Technology Services Division (ITSD) performs routine maintenance and support tasks such as software upgrades, configuration changes, and first-level troubleshooting for all Microsoft products and services.

The Microsoft Unified support agreement allows ITSD to obtain product support services directly from the Microsoft corporation. Microsoft's Unified Support benefits the Lottery by providing access to expert help in resolving Microsoft software related problems, assistance with the installation of new products, and training on Microsoft products for users throughout the Lottery. Several critical Lottery technology initiatives require routine ongoing specialized and dedicated support from a team of Microsoft Designated Support Engineers (DSE) as part of, and in addition to, what is covered under the Microsoft Unified Enterprise Performance Level support agreement.

The Microsoft Unified Enterprise Performance Level support agreement provides the Lottery extensive support and services including but not limited to:

- Support Technology Advisor – The Lottery has access to a dedicated Microsoft technology advisor to assist the Lottery with in-depth planning and technical assistance in implementing technologies to facilitate cloud adoption.
- Technical Support and Escalation Management – The Lottery receives response to critical incidents impacted by Microsoft service degradation and outages, with a dedicated Critical Situation Manager as the single point of contact.

COMMISSION AGENDA ITEM

Item 8(b) – Microsoft Unified Enterprise Performance Level Support

- On-Demand Services Hub – ITSD has access to Microsoft’s library of on-demand assessments, learning paths, and self-service training material and videos as a resource for all Lottery staff.
- Built-in Proactive Services – The Lottery receives proactive credits providing the ability to engage Microsoft support to perform security assessments, health checks, performance optimization, and migration support services.

DISCUSSION

The Microsoft Unified Enterprise Performance Level Support Agreement benefits the Lottery by providing access to expert resources in resolving Microsoft related problems, assistance with the installation of new products, and training on Microsoft products for administrators and users throughout the Lottery.

The Microsoft Unified Enterprise Performance Level Support Agreement and Microsoft DSEs allow the Lottery to access highly specialized resources for product support for the Lottery’s future technology initiatives. These initiatives are related to cloud services (Azure), business productivity tools (Microsoft Word and Excel), collaboration tools (Microsoft Teams and SharePoint), and data center tools providing critical infrastructure functions.

Below are the planned Lottery technology initiatives that will continue in FY 2024-25:

1. Azure Cloud Infrastructure Expansion and Optimization.
2. Lottery Data Warehouse Modernization and Migration.
3. Modernize Tools to Support in-house Application Development in Azure.
4. Technical Account Manager (TAM)/Dedicated Security Engineer (DSE) Engagements to optimize the Lottery’s Microsoft 365 Environment.

The support services will be re-bid annually to ensure the lowest cost and provide flexibility annually for shifting needs as initiatives are no longer needed or new needs arise. In an effort to move into a proactive method that is predictable and budget friendly, ITSD is seeking Commission approval for a total of three years for these services.

A 10% contingency has been included to account for price fluctuations throughout the three-year term. If costs rise above the annual not-to-exceed costs and the three-year 10% contingency has been expended, future Commission approval will be sought. The not-to-exceed costs to procure these services through the end of the FY 2026-27 budget cycle, are below:

COMMISSION AGENDA ITEM

Item 8(b) – Microsoft Unified Enterprise Performance Level Support

FY 2024-25	
\$804,250.00	
FY 2025-26	
\$875,000.00	
FY 2026-27	
\$946,000.00	
Three-year 10% Contingency	\$262,525.00
TOTAL COSTS	\$2,887,775.00

The Microsoft Unified Enterprise Performance Level support agreement is needed to conduct Lottery business and must remain uninterrupted. Without access to this technical expertise, the Lottery will not be able to engage Microsoft for necessary troubleshooting assistance.

The Lottery's formal competitive procedures do not apply to these procurements, pursuant to the exception set forth in Lottery Regulations Section 8.1.2.C as follows:

"The goods or services will be acquired using a standard United States General Services Administration Agreement or a State of California, Department of General Services Master Services Agreement, Multiple Award Schedule, Master Rental Agreement, or other such agreement which establishes a list of prequalified bidders who have agreed to contract terms and prices."

The Lottery will utilize the State of California, Department of General Services (DGS) Software Licensing Program (SLP) for these procurements, requesting a quote from reseller(s) that are authorized to provide services under the agreements. Contractors included on DGS SLP contracts are deemed qualified to do business with the State of California and have met all DGS administrative requirements to sell to State governmental entities. By utilizing DGS SLP Contracts, the Lottery will leverage the buying power of the State, ensure selected resellers have been thoroughly vetted, and will meet the Lottery's business needs.

Pursuant to Lottery Regulation Section 8.6.2, "No contract with an estimated value of \$250,000 or more may be executed without prior Commission approval." These SLP contracts have a limited number of reseller(s), and it will be necessary for the Lottery to issue Purchase Orders (PO) to reseller(s) annually based on low cost to meet the Lottery's business needs during this three-year period. The totals of these annual orders with those reseller(s) may be \$250,000 or more. For full transparency, the Lottery seeks the Commissions' approval to fully expend the maximum Microsoft Unified Support budget amount of \$2,887,775.00, irrespective of reseller or agreement amount.

COMMISSION AGENDA ITEM

Item 8(b) – Microsoft Unified Enterprise Performance Level Support

RECOMMENDATION

The Lottery staff recommends the Commission approve the phased procurement approach for the Microsoft Unified Support. This approval will expire in FY 2026/27 on June 30, 2027. The maximum authorized expenditure for these annual renewals is \$2,887,775.00.